

SUTTONS BAY PUBLIC SCHOOLS
SUTTONS BAY, MICHIGAN
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2004

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Lewis & Knopf, CPAs, P.C.

"Serving You with Trust and Integrity"

July 20, 2004

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Suttons Bay Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Suttons Bay Public Schools as of and for the year ended June 30, 2004, which collectively comprise the Suttons Bay Public Schools' basic financial statements as listed in the table of contents. These financial statements are the responsibility of Suttons Bay Public Schools management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Suttons Bay Public Schools as of June 30, 2004, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2004, on our consideration of the Suttons Bay Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1, the School District has implemented a new financial reporting model, as required by the provisions of the *GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of July 1, 2003.

The management's discussion and analysis and budgetary comparison information on pages II through VIII and 18, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Suttons Bay Public Schools' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lewis & Knopf PC
LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-I-

SUTTONS BAY PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Suttons Bay Public Schools, a K-12 school District located in Leelanau County, Michigan, is in its first year of implementation of the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements. The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Suttons Bay Public Schools' Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2004.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

SUTTONS BAY PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

District Wide Financial Statements: (Continued)

These two statements report the Suttons Bay Public Schools net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreased in the School District’s net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

SUMMARY OF NET ASSETS:

The following summarizes the net assets at the fiscal year ended June 30, 2004:

NET ASSETS SUMMARY

	<u>2004</u>
<u>ASSETS</u>	
Current Assets	\$1,846,601
Non-Current Assets	<u>11,871,551</u>
<u>TOTAL ASSETS</u>	<u><u>\$13,718,152</u></u>
<u>LIABILITIES</u>	
Current Liabilities	\$2,112,120
Long-Term Liabilities	<u>12,849,684</u>
Total Liabilities	\$14,961,804
<u>NET ASSETS</u>	
Invested in Capital Assets - Net of Related Debt	(1,887,144)
Restricted - Debt Service	114,249
Restricted - Capital Projects	8,433
Unrestricted	<u>520,810</u>
Total Net Assets (Deficit)	<u><u>(\$1,243,652)</u></u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u><u>\$13,718,152</u></u>

SUTTONS BAY PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

RESULTS OF OPERATIONS:

For the fiscal year ended June 30, 2004, the District wide results of operations were:

	<u>2004</u>
<u>REVENUES</u>	
<u>General Revenues:</u>	
Property Taxes Levied for General Operations	\$1,658,908
Property Taxes Levied for Debt Service	1,503,847
Property Taxes Levied for Capital Projects	116,647
State of Michigan Unrestricted Foundation Aid	5,124,200
Other General Revenues	<u>105,208</u>
Total General Revenues	\$8,508,810
<u>Operating Grants:</u>	
Federal	917,187
State of Michigan	551,592
Other Operating Grants	<u>159,165</u>
Total Operating Grants	\$1,627,944
<u>Charges for Services:</u>	
Food Service	143,110
Athletics	68,368
Other Charges for Services	<u>256,486</u>
Total Charges for Services	<u>\$467,964</u>
Total Revenues	\$10,604,718
 <u>EXPENSES</u>	
Instruction & Instructional Support	4,888,527
Support Services	3,398,063
Community Services	142,365
Food Service	268,836
Athletics	273,553
Interest on Long-Term Debt	941,209
Depreciation	<u>294,443</u>
Total Expenses	<u>\$10,206,996</u>
 <u>INCREASE IN NET ASSETS</u>	\$397,722
 <u>BEGINNING NET ASSETS (DEFICIT)</u>	<u>(1,641,374)</u>
 <u>ENDING NET ASSETS (DEFICIT)</u>	<u><u>(\$1,243,652)</u></u>

SUTTONS BAY PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Analysis of Financial Position:

During the year ended June 30, 2004, the District's Total Net Assets increased by \$397,722 to a total of \$(1,243,652). The largest portion of the net assets are the districts investment in capital assets net of related debt. Net assets (invested in capital assets, net of related debt) increased by \$197,496 during the year due to purchases of new capital assets and principal payments on related debt exceeding depreciation. The districts Unrestricted Net Assets increased by \$216,086 during the year and the restricted portion of the net assets decreased by \$15,860. The restricted Net Assets consist of the Investment in Capital Assets-net of related Debt, the restricted debt retirement funds that may only be used to pay bonded debt and restricted capital projects funds that may only be used to fund capital projects. The unrestricted net assets may be used to fund the educational services provided to students.

Analysis of Results of Operations

The district's overall revenues exceeded its expenses for the year by \$397,722. The total revenues were \$10,604,718 and total expenses were \$10,206,996.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS

Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The district's general fund is the chief operating fund of the district. Fund balance for the general fund increased by \$278,058 during the year with the increase coming primarily in cash. Revenues for the year decreased by \$305,175 primarily from state aid decreases. Expenditures and other financing uses decreased by \$509,598 as cost reductions in many areas were made to offset the decreased revenues. The major source of general fund revenues is state aid and taxes. An analysis of them is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)
The State of Michigan aid, unrestricted, is determined with the following variables:
 - a. State of Michigan State Aid Act per student foundation allowance
 - b. Student Enrollment - Blended at 80 percent of current year's fall count and 20 percent of prior year's winter count
 - c. The District's non-homestead tax levy
2. Per Student Foundation Allowance:
Annually, the State of Michigan establishes the per student foundation allowance. The Suttons Bay Public Schools foundation allowance was \$6,700 per student for the 2003-2004 school year, the same as the prior year.
3. Student Enrollment:
The District's student enrollment for the fall count of 2003-2004 was 1,046 students. A decrease of students from the prior year. The foundation allowance was decreased by \$74 per student from \$6,700 to \$6,626 as the result of an executive order by the governor.

SUTTONS BAY PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)

Analysis of Financial Position (Continued)

General Fund (Continued)

4. Property Taxes Levied For General Operations (General Fund Non-Homestead Taxes)

The District levies 17.82 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2003-2004 fiscal year was \$1,658,908. An increase of \$175,294 from the prior year.

Sinking Capital Projects Fund

The districts sinking capital projects fund balance decreased by \$1,841. Sinking fund taxes levied are the primary source of revenue in the fund and they increased by \$1,636 from the previous year. Expenditures which are restricted for construction projects increased by \$241,925 from the prior year.

Debt Retirement Fund

The districts debt retirement fund balance decreased by \$15,860. The fund balance is restricted to use for payments on bonded debt. The funds had expenditures of \$1,526,140 in paying the required interest and principal payments of the schools bonded debt. The majority of the funds revenue is derived from tax collections. An analysis of them is as follows:

1. Debt Fund Property and Industrial Facility In Lieu of Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead. In addition, the District collects IFT (Industrial Facilities Taxes) In Lieu of Taxes that are essentially taxed at 50 percent of the regular tax rate.

For 2003-2004, the District's debt millage levy was 5.46 mills that generated revenue of \$1,503,847. An increase of \$355,961 from the prior year.

Special Revenue Funds

The districts special revenue funds provide food service and athletic opportunities to students. During the year the fund balances increased by \$4,949. Food service fund revenue increased by \$26,602, primarily from an increase in federal revenue. Food service expenditures increased by approximately \$31,884, primarily from increases in salaries and fringe benefits.

SUTTONS BAY PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

GENERAL FUND BUDGETARY HIGHLIGHTS:

GENERAL FUND BUDGET VS. ACTUAL

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Original & Final <u>Budget %</u>	Variance Actual & Final <u>Budget %</u>
Revenue	\$8,390,323	\$8,693,790	\$8,636,870	(3.49)	(0.65)
Expenditures	8,386,832	8,620,214	8,358,812	(2.71)	3.03
<u>TOTAL</u>	<u>\$3,491</u>	<u>\$73,576</u>	<u>\$278,058</u>		

ANALYSIS OF BUDGETS:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Suttons Bay Public Schools amends its budget during the school year. For fiscal year June 30, 2004, the budget was amended in June, 2004. The June, 2004 budget amendment was the final budget for the fiscal year. Significant variations between the original and final budget for revenues were due to an increase in state aid from the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

A. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-01-03	Increases 6-30-04	Principal Payments 6-30-04	Principal Balance 6-30-04
Bonds Payable	\$14,237,586	\$0	\$782,218	\$13,455,368
Contracts & Loan Payable	168,613	260,132	125,418	303,327
Sick Days Payable	0	38,523	0	38,523
<u>Total Long-Term Bond Obligations</u>	<u>\$14,406,199</u>	<u>\$298,655</u>	<u>\$907,636</u>	<u>\$13,797,218</u>

During the year ended June 30, 2004 the District purchased new computer equipment and a bus on a installment contract.

SUTTONS BAY PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION: (Continued)

B. Capital Assets

The district's net investment in capital assets decreased by \$281,395 during the fiscal year. This can be summarized as follows:

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
Capital Assets	\$16,113,115	\$107,938	\$112,703	\$16,108,350
Less: Accumulated Depreciation	(3,960,169)	(389,333)	(112,703)	(4,236,799)
<u>Net Investment Capital Outlay</u>	<u>\$12,152,946</u>	<u>(\$281,395)</u>	<u>\$0</u>	<u>\$11,871,551</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Suttons Bay Public Schools.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$631,782
Accounts Receivable	2,004
Due from Other Governmental Units	1,208,949
Inventory	3,866
Total Current Assets	<u>\$1,846,601</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets	16,108,350
Less: Accumulated Depreciation	<u>(4,236,799)</u>
Total Noncurrent Assets	<u>\$11,871,551</u>
<u>TOTAL ASSETS</u>	\$13,718,152
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	96,837
Accrued Expense	389,675
Salaries Payable	600,921
Deferred Revenue	77,153
Current Portion of Long-Term Obligations	947,534
Total Current Liabilities	<u>\$2,112,120</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>12,849,684</u>
<u>TOTAL LIABILITIES</u>	\$14,961,804
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	(1,887,144)
Restricted for:	
Debt Retirement	114,249
Capital Projects	8,433
Unrestricted	520,810
<u>TOTAL NET ASSETS (DEFICIT)</u>	<u><u>(\$1,243,652)</u></u>

See accompanying notes to the basic financial statements.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
STATEMENT OF ACTIVITIES
JUNE 30, 2004

FUNCTIONS/PROGRAMS	2004			Net (Expense) Revenue & Change in Net Assets
	Expenses	Charges For Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$4,888,527	\$25,748	\$1,499,319	(\$3,363,460)
Support Services	3,398,063	230,738	0	(3,167,325)
Community Services	142,365	0	0	(142,365)
Food Service	268,836	143,110	128,625	2,899
Athletics	273,553	68,368	0	(205,185)
Interest on Long-Term Obligations	941,209	0	0	(941,209)
Depreciation - Unallocated	294,443	0	0	(294,443)
<u>TOTALS</u>	<u>\$10,206,996</u>	<u>\$467,964</u>	<u>\$1,627,944</u>	<u>(\$8,111,088)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				3,279,402
State Aid				5,124,200
Investment Earnings				13,183
Grants and Contributions Not Restricted to				
Specific Programs				54,744
Miscellaneous				37,281
Total General Revenues and Transfers				<u>\$8,508,810</u>
Change in Net Assets				<u>\$397,722</u>
Net Assets - Beginning - As Restated (Deficit)				<u>(1,641,374)</u>
<u>Net Assets - Ending (Deficit)</u>				<u>(\$1,243,652)</u>

See accompanying notes to the basic financial statements.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$466,661	\$165,121	\$631,782
Accounts Receivable	0	2,004	2,004
Due from Other Governmental Units	1,207,027	1,922	1,208,949
Due from Other Funds	13,180	0	13,180
Inventory	3,023	843	3,866
<u>TOTAL ASSETS</u>	<u>\$1,689,891</u>	<u>\$169,890</u>	<u>\$1,859,781</u>
<u>LIABILITIES</u>			
Accounts Payable	\$95,174	\$1,663	\$96,837
Due to Other Funds	0	13,180	13,180
Accrued Expenses	194,525	0	194,525
Salaries Payable	600,921	0	600,921
Deferred Revenue	77,153	0	77,153
Total Liabilities	\$967,773	\$14,843	\$982,616
<u>FUND BALANCES</u>			
Reserved For:			
Inventory	3,023	843	3,866
Debt Retirement	0	114,249	114,249
Capital Projects	0	8,433	8,433
Designated	125,293	0	125,293
Unreserved:			
Undesignated, Reported In:			
General Fund	593,802	0	593,802
School Service Funds	0	31,522	31,522
Total Fund Balances	\$722,118	\$155,047	\$877,165
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$1,689,891</u>	<u>\$169,890</u>	<u>\$1,859,781</u>

See accompanying notes to the basic financial statements.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2004

Total Governmental Fund Balances:		\$877,165
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$16,108,350 and the accumulated depreciation is \$4,236,799		11,871,551
Accrued Interest on Long-Term Debt		(195,150)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	(13,455,368)	
Contracts Payable	(303,327)	
Sick Days Payable	(38,523)	
Total		<u>(13,797,218)</u>
<u>TOTAL NET ASSETS -</u> <u>GOVERNMENTAL ACTIVITIES</u>		<u>(\$1,243,652)</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<u>REVENUES</u>			
Local Sources	\$2,011,000	\$1,839,223	\$3,850,223
Intermediate Sources	159,165	0	159,165
State Sources	5,666,133	9,659	5,675,792
Federal Sources	798,221	118,966	917,187
Total Revenues	<u>\$8,634,519</u>	<u>\$1,967,848</u>	<u>\$10,602,367</u>
<u>EXPENDITURES</u>			
Current:			
Instruction	4,880,553	0	4,880,553
Student Services	392,346	0	392,346
Instructional Support	294,924	0	294,924
General Administration	254,945	0	254,945
School Administration	545,724	0	545,724
Business Administration	94,447	0	94,447
Operation & Maintenance of Plant	827,572	0	827,572
Transportation	431,138	0	431,138
Support Services - Other	206,136	0	206,136
Community Services	142,365	0	142,365
Food Service	0	528,891	528,891
Debt Service	0	1,526,140	1,526,140
Capital Projects	0	118,559	118,559
Total Expenditures	<u>\$8,070,150</u>	<u>\$2,173,590</u>	<u>\$10,243,740</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	\$564,369	(\$205,742)	\$358,627
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from (to) Other Funds	(192,970)	192,970	0
Other Transfers	(93,341)	0	(93,341)
Total Other Financing Sources (Uses)	<u>(\$286,311)</u>	<u>\$192,970</u>	<u>(\$93,341)</u>
Net Change in Fund Balance	\$278,058	(\$12,772)	\$265,286
<u>FUND BALANCE - BEGINNING</u>	<u>444,060</u>	<u>167,819</u>	<u>611,879</u>
<u>FUND BALANCE - ENDING</u>	<u>\$722,118</u>	<u>\$155,047</u>	<u>\$877,165</u>

See accompanying notes to the basic financial statements.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Total net change in fund balances - governmental funds	\$265,286
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(281,395)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	907,636
Loan Proceeds are shown as revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets. This is the amount of proceeds reported as revenue in the governmental funds.	(260,132)
(Increase) in accrued compensated absences	(38,523)
Change in accrued interest on long-term liabilities	<u>(195,150)</u>
<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u><u>\$397,722</u></u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2004

	Trust & Agency	Private Purpose Trusts	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$144,821	\$331	\$145,152
<u>LIABILITIES</u>			
Due to Student Groups	144,821	0	144,821
<u>NET ASSETS - HELD IN TRUST FOR OTHERS</u>	<u>\$0</u>	<u>\$331</u>	<u>\$331</u>

See accompanying notes to the basic financial statements.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Private Purpose Trusts
<u>REVENUE</u>	
Interest	
Donations	1,130
Total Revenue	<u>\$1,130</u>
<u>EXPENDITURES</u>	
Bank Charges	25
Scholarships	1,141
Total Expenditures	<u>\$1,166</u>
<u>CHANGE IN NET ASSETS</u>	(\$36)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>367</u>
<u>NET ASSETS - END OF YEAR</u>	<u><u>\$331</u></u>

See accompanying notes to the basic financial statements.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Suttons Bay Public Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains two school service funds: Food Service and Athletic Funds.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

The Capital Projects Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS (Continued)

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years
Vehicles and Buses	5 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

P.A. 621 of 1978, Section 18 (1), as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

4) DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the District to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits - The Board of Education authorized the following financial institutions for the deposit of the District's funds for the year ended June 30, 2004: Fifth Third Bank, Traverse City State Bank, and Milaf.

The District's deposits are in accordance with statutory authority.

At June 30, 2004, the carrying amount of the School District's deposits was \$776,933 and the bank balance was \$959,665. \$194,831 of the bank balance was covered by federal depository insurance and \$764,834 was uninsured and uncollateralized.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

4) DEPOSITS AND INVESTMENTS (Continued)

Investments - The School District's investments are required to be categorized to give an indication of the level of risk assumed by the District at June 30, 2004. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or its trust department or agent but not in the School District's name.

The District had no investments at June 30, 2004.

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

6) RECEIVABLES

Receivables at June 30, 2004, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 1,029,169
Federal Grants	75,650
Other Grants	104,130
<u>TOTAL</u>	<u>\$ 1,208,949</u>

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2004, the District had \$4,208 of estimated claims payable in conjunction with the program.

8) SHORT-TERM DEBT

The District has various options for short-term financing including tax anticipation notes, state aid anticipation notes and lines of credit. The District entered into no short-term financing arrangements during the fiscal year ended June 30, 2004.

9) FUND BALANCE DESIGNATIONS

The District's Board of Education has designated \$125,293 of the District's General Fund fund balance for the following areas:

Pay Off Bus Loan	\$ 66,825
Apple Computer Lease	58,468
<u>TOTAL FUND BALANCE DESIGNATIONS</u>	<u>\$ 125,293</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

10) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$10,720,119	\$0	\$0	\$10,720,119
Land Improvements	240,138	0	0	240,138
Equipment and Furniture	4,276,628	52,275	11,394	4,317,509
Vehicles	876,230	55,663	101,309	830,584
Totals at Historical Cost	\$16,113,115	\$107,938	\$112,703	\$16,108,350
Less: Accumulated Depreciation				
Buildings and Improvements	(2,868,514)	(215,120)	0	(3,083,634)
Land Improvements	(132,852)	(11,836)	0	(144,688)
Equipment and Furniture	(401,675)	(97,809)	(11,394)	(488,090)
Vehicles	(557,128)	(64,568)	(101,309)	(520,387)
Total Accumulated Depreciation	<u>(\$3,960,169)</u>	<u>(\$389,333)</u>	<u>(\$112,703)</u>	<u>(\$4,236,799)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$12,152,946</u>	<u>(\$281,395)</u>	<u>\$0</u>	<u>\$11,871,551</u>

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Instruction	\$ 7,974
Support Services	73,418
Food Service	1,565
Athletics	11,933
Unallocated	<u>294,443</u>
<u>TOTAL DEPRECIATION EXPENSE</u>	<u>\$ 389,333</u>

11) GENERAL LONG-TERM DEBT

A) CROSS-OVER ADVANCE REFUNDING

On December 30, 1998, the District issued \$7,300,000 in general obligation refunding bonds with an average coupon interest rate of 4.19587 percent, together with funds on hand in the amount of \$39,334 from the 1995 Debt Retirement Fund, to advance refund of \$6,735,000 outstanding 1995 General Obligation Serial Bonds dated May 8, 1995 with an average coupon interest rate of 5.415294 percent.

As of June 30, 2004, \$6,020,000 of the defeased debt remained outstanding in the custody of the escrow agent.

B) GENERAL OBLIGATION BONDS PAYABLE

Suttons Bay Public Schools issued general obligation, capital appreciation and current interest bonds on August 28, 1991, May 8, 1995, December 30, 1998 and November 8, 2000. The balances at June 30, 2004 are \$525,368, \$0, \$6,925,000, and \$6,005,000, respectively.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

11) GENERAL LONG-TERM DEBT (Continued)

C) CONTRACTS PAYABLE

Contracts payable consisted of the following at June 30, 2004:

2.9% note to Fifth Third Bank, \$395 payments monthly, including interest, collateralized by Dodge Stratus.	\$ 8,289
4.49% note to Fifth Third Bank, \$870 payments monthly, plus interest, collateralized by 1 bus.	22,624
2.75% note to Fifth Third Bank, \$1,226 payments monthly, plus interest, collateralized by 1 bus.	45,695
5.6% to Apple Computers, \$58,468 payments annually, plus interest, collateralized by computers.	204,469
4.49% note to Fifth Third Bank, \$855.81 payments monthly, plus interest, collateralized by 1 bus.	<u>22,250</u>
<u>TOTAL CONTRACTS PAYABLE</u>	<u>\$ 303,327</u>

D) LOAN PAYABLE

The District has a capital improvement tax anticipation note with Fifth Third Bank in the amount of \$90,000. The note bears interest at 2.59% and was paid in full during the year.

E) ANNUAL PRINCIPAL REQUIREMENTS

The annual principal requirements for all debts outstanding as of June 30, 2004 are as follows:

	CONTRACTS PAYABLE	BONDS PAYABLE	INTEREST	TOTAL
June 30, 2005	\$86,093	\$861,441	\$716,097	\$1,663,631
June 30, 2006	87,921	928,016	671,785	1,687,722
June 30, 2007	70,275	990,911	627,957	1,689,143
June 30, 2008	59,038	1,125,000	501,071	1,685,109
June 30, 2009	0	1,170,000	450,015	1,620,015
June 30, 2010-2014	0	6,080,000	1,441,858	7,521,858
June 30, 2015-2018	<u>0</u>	<u>2,300,000</u>	<u>175,375</u>	<u>2,475,375</u>
<u>TOTAL</u>	<u>\$303,327</u>	<u>\$13,455,368</u>	<u>\$4,584,158</u>	<u>\$18,342,853</u>

The payment dates of sick days payable is undeterminable. The interest expenditures on long-term obligations for the year were \$745,242.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

11) GENERAL LONG-TERM DEBT (Continued)

F) CHANGES IN GENERAL LONG-TERM DEBT

	BALANCE			BALANCE	AMOUNT DUE
<u>Governmental Activities:</u>	<u>JULY 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>JUNE 30, 2004</u>	<u>IN ONE YEAR</u>
General Obligation Bonds	\$14,237,586	\$0	\$782,218	\$13,455,368	\$861,441
Contracts & Loan Payable	168,613	260,132	125,418	303,327	86,093
Sick Days Payable	0	38,523	0	38,523	0
<u>Total Governmental Activities</u>	<u>\$14,406,199</u>	<u>\$298,655</u>	<u>\$907,636</u>	<u>\$13,797,218</u>	<u>\$947,534</u>

12) RESTATEMENT OF GOVERNMENT-WIDE NET ASSETS

For the fiscal year ended June 30, 2004, the School District implemented GASB Statement 34. As a result, capital assets and accumulated depreciation were recorded for the first time. Net assets were restated as of July 1, 2003 for the recording of accumulated depreciation. See July 1, 2003 balances illustrated in Note 10.

13) INTERFUND ACTIVITY

Interfund balances at June 30, 2004 consisted of the following:

DUE FROM	
DUE TO	SPECIAL
	REVENUE
	<u>FUND</u>
	General Fund
	\$13,180

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2004, consisted of the following:

TRANSFERS FROM	
TRANSFERS TO	GENERAL
	<u>FUND</u>
	Athletics Fund
	\$192,970

These transfers were made to subsidize the cost of services for athletics.

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

15) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 12.99 percent for the period July 1, 2003 through September 30, 2003 and 12.99 percent for the period October 1, 2003 through June 30, 2004 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS pension plan for the years ended June 30, 2004, 2003 and 2002 were \$649,787, \$644,457 and \$601,935, respectively.

Postemployment Benefits

Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS pension plan discussed above.

16) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

17) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs, principal of which is the Impact Aid grant. This program is subject to program compliance audit. The audit of this program for and including the year ended June 30, 2004, has been conducted and has been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

REQUIRED
SUPPLEMENTARY
INFORMATION

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$2,054,134	\$2,032,931	\$2,011,000	(\$21,931)
Intermediate Sources	139,600	164,608	159,165	(5,443)
State Sources	5,498,785	5,666,012	5,666,133	121
Federal Sources	695,304	827,908	798,221	(29,687)
Total Revenues	<u>\$8,387,823</u>	<u>\$8,691,459</u>	<u>\$8,634,519</u>	<u>(\$56,940)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	5,154,141	4,935,400	4,880,553	54,847
Student Services	520,186	402,989	392,346	10,643
Instructional Support	177,691	303,109	294,924	8,185
General Administration	283,804	255,282	254,945	337
School Administration	449,372	547,458	545,724	1,734
Business Administration	56,200	94,457	94,447	10
Operation & Maintenance of Plant	726,419	841,063	827,572	13,491
Transportation	439,834	502,762	431,138	71,624
Support Services - Other	272,626	268,821	206,136	62,685
Community Services	215,009	151,714	142,365	9,349
Total Expenditures	<u>\$8,295,282</u>	<u>\$8,303,055</u>	<u>\$8,070,150</u>	<u>\$232,905</u>
Excess of Revenues Over Expenditures	<u>\$92,541</u>	<u>\$388,404</u>	<u>\$564,369</u>	<u>\$175,965</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>(89,050)</u>	<u>(317,159)</u>	<u>(286,311)</u>	<u>30,848</u>
Net Change in Fund Balance	<u>\$3,491</u>	<u>\$71,245</u>	<u>\$278,058</u>	<u>\$206,813</u>
<u>FUND BALANCE - BEGINNING</u>			<u>444,060</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$722,118</u>	

OTHER SUPPLEMENTAL
INFORMATION

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2004

	Special Revenue Fund	Debt Service Fund	Sinking Capital Projects Fund	Total Other Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$42,439	\$114,249	\$8,433	\$165,121
Accounts Receivable	2,004	0	0	2,004
Due from Other Governmental Units	1,922	0	0	1,922
Inventory	843	0	0	843
<u>TOTAL ASSETS</u>	<u>\$47,208</u>	<u>\$114,249</u>	<u>\$8,433</u>	<u>\$169,890</u>
<u>LIABILITIES</u>				
Accounts Payable	\$1,663	\$0	\$0	\$1,663
Due to Other Funds	13,180	0	0	13,180
Total Liabilities	\$14,843	\$0	\$0	\$14,843
<u>FUND BALANCES</u>				
Reserved For:				
Inventory	843	0	0	843
Debt Retirement	0	114,249	0	114,249
Capital Projects	0	0	8,433	8,433
Unreserved:				
Undesignated, Reported In:				
School Service Fund	31,522	0	0	31,522
Total Fund Balances	\$32,365	\$114,249	\$8,433	\$155,047
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$47,208</u>	<u>\$114,249</u>	<u>\$8,433</u>	<u>\$169,890</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Special Revenue Fund	Debt Service Fund	Sinking Capital Projects Fund	Total Other Governmental Funds
<u>REVENUES</u>				
Local Sources	\$212,245	\$1,510,280	\$116,698	\$1,839,223
State Sources	9,659	0	0	9,659
Federal Sources	118,966	0	0	118,966
Total Revenues	<u>\$340,870</u>	<u>\$1,510,280</u>	<u>\$116,698</u>	<u>\$1,967,848</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>192,970</u>	<u>0</u>	<u>0</u>	<u>192,970</u>
Total Revenues & Other Financing Sources	\$533,840	\$1,510,280	\$116,698	\$2,160,818
<u>EXPENDITURES</u>				
Food Service	528,891	0	0	528,891
Debt Service	0	1,526,140	0	1,526,140
Capital Projects				
Capital Outlay	0	0	26,422	26,422
Principal on Loan	0	0	90,000	90,000
Interest on Loan	0	0	2,137	2,137
Total Expenditures	<u>\$528,891</u>	<u>\$1,526,140</u>	<u>\$118,559</u>	<u>\$2,173,590</u>
Net Change in Fund Balance	\$4,949	(\$15,860)	(\$1,861)	(\$12,772)
<u>NET ASSETS - BEGINNING</u>	<u>27,416</u>	<u>130,109</u>	<u>10,294</u>	<u>167,819</u>
<u>NET ASSETS - ENDING</u>	<u>\$32,365</u>	<u>\$114,249</u>	<u>\$8,433</u>	<u>\$155,047</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
SPECIAL REVENUE FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2004

	<u>FOOD SERVICES</u>	<u>ATHLETIC ACTIVITIES</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$42,439	\$0	\$42,439
Accounts Receivable	2,004	0	2,004
Due from Other Governmental Units	1,922	0	1,922
Inventory	843	0	843
<u>TOTAL ASSETS</u>	<u>\$47,208</u>	<u>\$0</u>	<u>\$47,208</u>
<u>LIABILITIES</u>			
Accounts Payable	\$1,663	\$0	\$1,663
Due to Other Funds	13,180	0	13,180
Total Liabilities	\$14,843	\$0	\$14,843
<u>FUND EQUITY</u>			
Reserved for Inventory	843	0	843
Unreserved and Undesignated	31,522	0	31,522
Total Fund Equity	\$32,365	\$0	\$32,365
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$47,208</u>	<u>\$0</u>	<u>\$47,208</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004

<u>REVENUES</u>	<u>FOOD SERVICES</u>	<u>ATHLETIC ACTIVITIES</u>	<u>TOTALS</u>
<u>Local Sources</u>			
Cafeteria Sales	\$143,110	\$0	\$143,110
Athletic Activities	0	68,368	68,368
Earnings on Investments and Deposits	485	14	499
Other Local Revenues	0	268	268
Total Local Sources	\$143,595	\$68,650	\$212,245
<u>State Sources</u>			
State Reimbursements	9,659	0	9,659
<u>Federal Sources</u>			
Federal Reimbursements	106,038	0	106,038
Commodities	12,928	0	12,928
Total Federal Sources	\$118,966	\$0	\$118,966
<u>OTHER FINANCING SOURCES</u>			
Transfer from General Fund	0	192,970	192,970
Total Revenues and Other Financing Sources	\$272,220	\$261,620	\$533,840
<u>EXPENDITURES</u>			
Salaries - Non-Professional	95,860	135,889	231,749
Insurances	15,660	6,333	21,993
Fica, Retirement, Etc.	20,057	26,123	46,180
Other Benefits	8,261	5,353	13,614
Purchased Services	18,266	37,697	55,963
Supplies and Materials	108,257	1,242	109,499
Capital Outlay	616	12,187	12,803
Other	294	36,796	37,090
Total Expenditures	\$267,271	\$261,620	\$528,891
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</u>	<u>\$4,949</u>	<u>\$0</u>	<u>\$4,949</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$27,416</u>	<u>\$0</u>	<u>\$27,416</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$32,365</u>	<u>\$0</u>	<u>\$32,365</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
DEBT RETIREMENT FUND
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2004

	Fund 2000	Fund #3 1991	Fund #4 1998	Fund #5 1995	Total After Interfund Eliminations
<u>ASSETS</u>					
Cash and Cash Equivalents	\$20,636	\$31,571	\$32,003	\$30,039	\$114,249
<u>TOTAL ASSETS</u>	<u>\$20,636</u>	<u>\$31,571</u>	<u>\$32,003</u>	<u>\$30,039</u>	<u>\$114,249</u>
<u>FUND EQUITY</u>					
Reserved - Debt Retirement	\$20,636	\$31,571	\$32,003	\$30,039	\$114,249
<u>TOTAL FUND EQUITY</u>	<u>\$20,636</u>	<u>\$31,571</u>	<u>\$32,003</u>	<u>\$30,039</u>	<u>\$114,249</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
DEBT RETIREMENT FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Fund 2000</u>	<u>Fund #3 1991</u>	<u>Fund #4 1998</u>	<u>Fund #5 1995</u>	<u>Total After Interfund Eliminations</u>
<u>REVENUES</u>					
<u>Local Sources</u>					
Property Taxes	\$346,544	\$343,750	\$544,490	\$261,266	\$1,496,050
Penalties & Interest on Delinquent Taxes	1,808	1,794	2,808	1,387	7,797
Earnings on Investments and Deposits	1,090	1,579	2,431	1,108	6,208
Other Local Revenue	52	52	82	39	225
Total Local Sources	<u>\$349,494</u>	<u>\$347,175</u>	<u>\$549,811</u>	<u>\$263,800</u>	<u>\$1,510,280</u>
<u>OTHER FINANCING SOURCES</u>					
Transfer from Other Debt Funds	71,000	0	0	65,000	0
Total Revenue and Other Financing Sources	<u>\$420,494</u>	<u>\$347,175</u>	<u>\$549,811</u>	<u>\$328,800</u>	<u>\$1,510,280</u>
<u>EXPENDITURES</u>					
Redemption of Bond Principal	125,000	162,218	430,000	65,000	782,218
Interest on Bonded Debt	310,140	117,782	22,575	291,950	742,447
Other	275	500	400	300	1,475
Total Expenditures	<u>\$435,415</u>	<u>\$280,500</u>	<u>\$452,975</u>	<u>\$357,250</u>	<u>\$1,526,140</u>
<u>OTHER FINANCING USES</u>					
Transfer to Other Debt Funds	0	55,000	81,000	0	0
Total Expenditures and Other Financing Uses	<u>\$435,415</u>	<u>\$335,500</u>	<u>\$533,975</u>	<u>\$357,250</u>	<u>\$1,526,140</u>
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>(\$14,921)</u>	<u>\$11,675</u>	<u>\$15,836</u>	<u>(\$28,450)</u>	<u>(\$15,860)</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$35,557</u>	<u>\$19,896</u>	<u>\$16,167</u>	<u>\$58,489</u>	<u>\$130,109</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$20,636</u>	<u>\$31,571</u>	<u>\$32,003</u>	<u>\$30,039</u>	<u>\$114,249</u>

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES AND
OTHER FINANCING USES

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2004

<u>REVENUES FROM</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>Local Sources</u>			
Property Tax Levy	\$1,650,707	\$1,658,908	\$8,201
Commercial Forest Deduct	731	731	0
Tuition from Pupils	1,325	1,325	0
Summer School - HS	1,625	1,625	0
Adult Education Tuition	2,012	2,013	1
Fee - Summer School	0	60	60
Fee - Drivers Education	17,905	18,070	165
Fee - Transportation	2,655	2,655	0
Earnings on Investments and Deposits	6,000	6,442	442
LPHS Enterprise	3,187	2,044	(1,143)
Latch Key	60,413	61,968	1,555
Montessori Primary Tuition	23,426	28,938	5,512
Montessori Primary Child Care	6,695	6,085	(610)
Montessori Toddler Program	13,975	7,026	(6,949)
Preschool Tuition	0	382	382
Migrant Program Rent	19,454	19,454	0
Auditorium Donations - Chairs	24,169	19,152	(5,017)
United Way Dev. Asset Donation	1,827	(482)	(2,309)
Field Development Contribution	5,500	5,500	0
Donations - Artist in Residence	2,500	1,625	(875)
LFCIA - Voices & Choices	2,419	1,055	(1,364)
Youth Friends Grant	2,000	1,616	(384)
Auditorium Donations - Rigging	12,640	12,640	0
Elem Spanish Grant	2,600	2,122	(478)
Virtual University - Fifth Grade	500	406	(94)
Mechanical Repairs	8,000	11,537	3,537
Miscellaneous Revenue	4,733	18,265	13,532
Grand Traverse Band Tutoring	118,623	92,806	(25,817)
2% Money - Odawa Language	8,763	8,763	0
Grand Traverse Band - 2nd Grade	1,510	1,326	(184)
Exposures	6,415	5,153	(1,262)
Exposures - Carryover	3,588	3,588	0
Set-Seg Property/Casualty Surplus	6,563	6,563	0
Drivers Ed Reimbursement	1,638	1,639	1
Medicaid	8,833	0	(8,833)
Total Revenues from Local Sources	\$2,032,931	\$2,011,000	(\$21,931)
<u>Intermediate Sources</u>			
Special Ed Milleage	81,500	81,584	84
Learning Without Limits	227	227	0
ASAP Pie Grant	40,827	40,083	(744)
School Readiness Reimb.	35,545	32,583	(2,962)
Teacher Academy	4,584	4,584	0
N-O-T Tobacco Grant	1,925	104	(1,821)
Total Revenues from Intermediate Sources	\$164,608	\$159,165	(\$5,443)

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>REVENUES FROM (Continued)</u>			
<u>State Sources</u>			
State Aid	\$2,326,708	\$2,326,708	\$0
State Aid - Proposal A	2,861,017	2,861,017	0
Prior Year Adjustments	13,891	13,891	0
State Aid Proration	(77,416)	(77,416)	0
Special Education - Headlee	252,406	252,406	0
At Risk	137,387	137,387	0
Bilingual Education	3,428	3,428	0
Artist in Residence	18,900	18,900	0
MI School Readiness	72,600	72,600	0
Driver Education	13,258	13,258	0
Adult Education Participants	3,526	3,646	120
Student Assistant Grant	15,000	15,000	0
LCFIA - Student Services	23,575	23,575	0
Gifted and Talented	154	154	0
Char-em-State Aid Sec 74	1,578	1,579	1
Total Revenues from State Sources	<u>\$5,666,012</u>	<u>\$5,666,133</u>	<u>\$121</u>
<u>Federal Sources</u>			
Indian Education	52,762	52,762	0
Improving Teacher Quality	52,287	52,287	0
Drug Free Schools	1,824	1,824	0
Title I	159,460	129,773	(29,687)
Title I Carryover	20,405	20,405	0
Title V	842	842	0
Transition Services	700	700	0
Preschool Incentive	5,808	5,808	0
Impact Aid	529,943	529,943	0
Technology Literacy	3,877	3,877	0
Total Revenues from Federal Sources	<u>\$827,908</u>	<u>\$798,221</u>	<u>(\$29,687)</u>
Total Revenues	<u>\$8,691,459</u>	<u>\$8,634,519</u>	<u>(\$56,940)</u>
<u>OTHER FINANCING SOURCES</u>			
Sale of Equipment	<u>2,331</u>	<u>2,351</u>	<u>20</u>
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	<u>\$8,693,790</u>	<u>\$8,636,870</u>	<u>(\$56,920)</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

<u>INSTRUCTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>BASIC PROGRAMS</u>			
<u>Elementary</u>			
<u>Salaries</u>			
Teacher	\$972,560	\$972,205	\$355
Teacher Aides	6,733	6,733	0
Substitute Teacher	21,943	21,221	722
Total Salaries	\$1,001,236	\$1,000,159	\$1,077
<u>Employee Benefits</u>			
Health Insurance	224,975	224,670	305
Dental Insurance	10,490	10,416	74
Vision Insurance	3,203	3,158	45
Retirement Contributions	128,666	128,508	158
FICA	76,480	76,430	50
Workmans Compensation	175	175	0
Other Benefits - Cash in Lieu	12,249	12,249	0
7% Gross Wages	68	65	3
Flex Annuity 7%	369	368	1
Total Employee Benefits	\$456,675	\$456,039	\$636
<u>Purchased Services</u>			
Travel Expense	565	564	1
Contracted Services	213	213	0
Copier Repairs & Supplies	9,500	9,464	36
Total Purchased Services	\$10,278	\$10,241	\$37
<u>Supplies & Materials</u>			
Teaching Supplies & Materials	10,314	10,278	36
Textbooks	7,769	7,769	0
Testing Supplies	1,910	1,910	0
Miscellaneous Expenses	143	143	0
G.T. Bank Social Studies Grant	1,510	1,326	184
Learning Without Limits	727	634	93
Total Supplies & Materials	\$22,373	\$22,060	\$313
<u>Capital Outlay</u>			
Furniture and Equipment	13,371	13,371	0
Total Elementary	\$1,503,933	\$1,501,870	\$2,063

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>INSTRUCTION</u> (Continued)			
<u>BASIC PROGRAMS</u> (Continued)			
<u>Montessori - Elem.</u>			
<u>Salaries</u>			
Teacher	\$70,136	\$70,135	\$1
Assistant	13,336	13,336	0
Substitute	840	840	0
Total Salaries	<u>\$84,312</u>	<u>\$84,311</u>	<u>\$1</u>
<u>Employee Benefits</u>			
Health Insurance	24,812	24,814	(2)
Dental Insurance	1,067	1,066	1
Vision Insurance	342	342	0
Retirement	10,952	10,952	0
FICA	6,454	6,453	1
Workmans Compensation	62	62	0
7% Gross Wages	934	934	0
Total Employee Benefits	<u>\$44,623</u>	<u>\$44,623</u>	<u>\$0</u>
<u>Purchased Services</u>			
Artist in Residence	500	377	123
Travel	235	235	0
Copier	500	497	3
Total Purchased Services	<u>\$1,235</u>	<u>\$1,109</u>	<u>\$126</u>
<u>Supplies & Materials</u>			
Supplies & Materials	1,583	1,583	0
<u>Other</u>			
Dues & Fees	80	80	0
Total Montessori - Elem.	<u>\$131,833</u>	<u>\$131,706</u>	<u>\$127</u>
<u>Montessori - Primary</u>			
<u>Salaries</u>			
Teacher	17,194	17,194	0
Assistant	11,235	11,220	15
Substitute	30	30	0
Total Salaries	<u>\$28,459</u>	<u>\$28,444</u>	<u>\$15</u>
<u>Employee Benefits</u>			
Health Insurance	7,924	7,924	0
Dental Insurance	267	267	0
Vision Insurance	89	88	1
Retirement	3,740	3,737	3
FICA	2,230	2,220	10
Workmans Compensation	25	25	0
Total Employee Benefits	<u>\$14,275</u>	<u>\$14,261</u>	<u>\$14</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>INSTRUCTION</u> (Continued)			
<u>BASIC PROGRAMS</u> (Continued)			
<u>Montessori - Primary</u> (Continued)			
<u>Supplies & Materials</u>			
Supplies & Materials	\$966	\$965	\$1
Miscellaneous	431	418	13
Total Supplies & Materials	<u>\$1,397</u>	<u>\$1,383</u>	<u>\$14</u>
Total Montessori - Primary	\$44,131	\$44,088	\$43
<u>Middle School</u>			
<u>Salaries</u>			
Teachers	602,509	602,509	0
Assistants	7,439	7,439	0
Substitutes	13,259	13,259	0
Total Salaries	<u>\$623,207</u>	<u>\$623,207</u>	<u>\$0</u>
<u>Employee Benefits</u>			
Health Insurance	114,962	114,956	6
Dental Insurance	7,589	7,588	1
Vision Insurance	2,334	2,333	1
Retirement	80,773	80,772	1
FICA	48,272	48,266	6
Workmans Compensation	148	148	0
Other Benefits - Cash in Lieu	9,041	9,041	0
7% Gross Wages	700	696	4
Total Employee Benefits	<u>\$263,819</u>	<u>\$263,800</u>	<u>\$19</u>
<u>Purchased Services</u>			
Travel Expense	1,702	1,677	25
Artist in Residence	18,900	18,900	0
Printing, Binding & Copy Expense	13,415	12,955	460
Total Purchased Services	<u>\$34,017</u>	<u>\$33,532</u>	<u>\$485</u>
<u>Supplies & Materials</u>			
Teacher Supplies	16,973	16,822	151
Textbooks	5,181	5,165	16
Testing Supplies	1,558	1,558	0
Other Supplies & Materials	1,249	1,223	26
Total Supplies & Materials	<u>\$24,961</u>	<u>\$24,768</u>	<u>\$193</u>
<u>Capital Outlay</u>	<u>12,284</u>	<u>12,284</u>	<u>0</u>
Total Middle School	\$958,288	\$957,591	\$697

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>INSTRUCTION</u> (Continued)			
<u>BASIC PROGRAMS</u> (Continued)			
<u>High School</u>			
<u>Salaries</u>			
Teacher	\$722,929	\$722,929	\$0
Teacher Aides	8,277	8,276	1
Substitute Teachers	13,865	13,859	6
Total Salaries	<u>\$745,071</u>	<u>\$745,064</u>	<u>\$7</u>
<u>Employee Benefits</u>			
Health Insurance	93,366	93,366	0
Dental Insurance	8,118	8,117	1
Vision Insurance	2,547	2,547	0
Retirement Contributions	94,159	94,002	157
FICA	59,718	59,626	92
Workmans Compensation	149	149	0
Other Benefits - Cash in Lieu	32,977	32,976	1
7% Gross Wages	440	440	0
Total Employee Benefits	<u>\$291,474</u>	<u>\$291,223</u>	<u>\$251</u>
<u>Purchased Services</u>			
Artists in Residence	2,000	1,248	752
Printing	727	728	(1)
Dual Enrollment	5,088	5,087	1
Sci-Math Tech & Music	14,610	14,610	0
Virtual School	969	969	0
Copier	11,605	11,604	1
Total Purchased Services	<u>\$34,999</u>	<u>\$34,246</u>	<u>\$753</u>
<u>Supplies & Materials</u>			
Teaching Supplies & Materials	16,439	16,431	8
Computer Software	646	646	0
Textbooks	16,340	16,297	43
Testing Supplies	13	12	1
Tech Equipment	159	159	0
Other Supplies & Materials	4,682	4,680	2
Total Supplies & Materials	<u>\$38,279</u>	<u>\$38,225</u>	<u>\$54</u>
<u>Capital Outlay</u>			
Non-Instructional Capital Outlay	2,908	2,908	0
<u>Other</u>	<u>317</u>	<u>317</u>	<u>0</u>
Total High School	\$1,113,048	\$1,111,983	\$1,065

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>INSTRUCTION</u> (Continued)			
<u>BASIC PROGRAMS</u> (Continued)			
<u>North Central Accreditation</u>			
<u>Employee Benefits</u>			
Course Work Reimbursement	\$12,067	\$12,065	\$2
<u>Driver Education - HS</u>			
<u>Salaries</u>			
Instructors	22,037	22,036	1
<u>Employee Benefits</u>			
Retirement Contributions	2,863	2,863	0
FICA	1,672	1,672	0
Workmans Compensation	10	10	0
Total Employee Benefits	<u>\$4,545</u>	<u>\$4,545</u>	<u>\$0</u>
Total Driver Education - HS	\$26,582	\$26,581	\$1
<u>Pre-School - Montessori - Primary</u>			
<u>Salaries</u>			
Assistant	25,751	25,750	1
<u>Employee Benefits</u>			
Health Insurance	6,096	6,096	0
Retirement Contributions	4,004	4,003	1
FICA	1,226	1,225	1
7% Gross Wages	985	975	10
Total Employee Benefits	<u>\$12,311</u>	<u>\$12,299</u>	<u>\$12</u>
<u>Purchased Services</u>			
Workshops	28	27	1
<u>Supplies & Materials</u>			
Teaching Supplies & Materials	476	474	2
<u>Other</u>			
Dues & Fees	<u>451</u>	<u>78</u>	<u>373</u>
Total Pre-School - Montessori - Primary	\$39,017	\$38,628	\$389

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>INSTRUCTION</u> (Continued)			
<u>BASIC PROGRAMS</u> (Continued)			
<u>Pre-School - Montessori - 4's</u>			
<u>Salaries</u>			
Teacher	\$17,516	\$17,516	\$0
<u>Employee Benefits</u>			
Health Insurance	5,492	5,492	0
Dental Insurance	266	267	(1)
Vision Insurance	76	76	0
Retirement Contributions	2,276	2,275	1
FICA	1,340	1,340	0
Total Employee Benefits	\$9,450	\$9,450	\$0
<u>Supplies & Materials</u>			
Teaching Supplies & Materials	477	477	0
Miscellaneous	75	75	0
Total Supplies & Materials	\$552	\$552	\$0
Total Pre-School - Montessori - 4's	\$27,518	\$27,518	\$0
<u>Pre-School</u>			
<u>Salaries</u>			
Teacher	25,174	25,174	0
Assistant	5,846	5,846	0
Total Salaries	\$31,020	\$31,020	\$0
<u>Employee Benefits</u>			
Health Insurance	5,154	5,154	0
Dental Insurance	169	169	0
Vision Insurance	60	60	0
Retirement Contributions	4,030	4,029	1
FICA	2,378	2,378	0
Workmans Compensation	43	43	0
7% Gross Wages	350	350	0
Total Employee Benefits	\$12,184	\$12,183	\$1
<u>Purchased Services</u>			
Presenter Fees	591	590	1
Mileage	1,497	985	512
Conferences	300	72	228
Printing	299	299	0
Transition Activities	528	528	0
Stipend	210	210	0
Total Purchased Services	\$3,425	\$2,684	\$741

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>INSTRUCTION</u> (Continued)			
<u>BASIC PROGRAMS</u> (Continued)			
<u>Pre-School</u> (Continued)			
<u>Supplies & Materials</u>			
Teaching Supplies & Materials	\$2,378	\$2,377	\$1
Snacks	1,159	1,158	1
Office & Postage Supplies	100	100	0
Total Supplies & Materials	<u>\$3,637</u>	<u>\$3,635</u>	<u>\$2</u>
Total Pre-School	\$50,266	\$49,522	\$744
<u>Schedule B</u>			
<u>Salaries</u>			
Schedule B	24,350	24,349	1
<u>Employee Benefits</u>			
Retirement Contributions	2,940	2,939	1
FICA	1,772	1,770	2
Total Employee Benefits	<u>\$4,712</u>	<u>\$4,709</u>	<u>\$3</u>
<u>Other</u>			
Donations	<u>589</u>	<u>588</u>	<u>1</u>
Total Schedule B	<u>\$29,651</u>	<u>\$29,646</u>	<u>\$5</u>
<u>Total Basic Programs</u>	<u>\$3,936,334</u>	<u>\$3,931,198</u>	<u>\$5,136</u>
<u>ADDED NEEDS</u>			
<u>Special Education</u>			
<u>Salaries</u>			
Teacher	468,579	468,577	2
Assistant	40,872	36,717	4,155
Substitute Teacher	14,325	14,325	0
Total Salaries	<u>\$523,776</u>	<u>\$519,619</u>	<u>\$4,157</u>
<u>Employee Benefits</u>			
Health Insurance	71,568	71,482	86
Dental Insurance	4,701	4,698	3
Vision Insurance	1,529	1,520	9
Retirement Contributions	70,000	69,833	167
FICA	37,261	36,943	318
Workmans Compensation	94	89	5
Annuity	14,513	14,506	7
7% Gross Wages	2,842	2,613	229
Total Employee Benefits	<u>\$202,508</u>	<u>\$201,684</u>	<u>\$824</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>INSTRUCTION</u> (Continued)			
<u>ADDED NEEDS</u> (Continued)			
<u>Special Education</u> (Continued)			
<u>Purchased Services</u>			
Travel Expense	\$200	\$200	\$0
<u>Supplies & Materials</u>			
Teaching Supplies & Materials	4,475	4,456	19
Textbooks	6,730	6,728	2
Other Supplies & Materials	292	291	1
Total Supplies & Materials	<u>\$11,497</u>	<u>\$11,475</u>	<u>\$22</u>
<u>Other</u>			
Transition Grant	<u>700</u>	<u>700</u>	<u>0</u>
Total Special Education	\$738,681	\$733,678	\$5,003
<u>Compensatory Education - Elem.</u>			
<u>Title I</u>			
<u>Salaries</u>			
Teacher	47,779	45,379	2,400
Teacher Aides	47,462	38,655	8,807
Substitute Teachers	780	780	0
Total Salaries	<u>\$96,021</u>	<u>\$84,814</u>	<u>\$11,207</u>
<u>Employee Benefits</u>			
Health Insurance	8,487	4,871	3,616
Dental Insurance	657	588	69
Vision Insurance	250	250	0
Retirement Contributions	12,732	10,772	1,960
FICA	7,498	6,337	1,161
Workmans Compensation	100	100	0
Flex Annuity	2,060	2,059	1
7% Gross Wages	1,489	775	714
Total Employee Benefits	<u>\$33,273</u>	<u>\$25,752</u>	<u>\$7,521</u>
<u>Purchased Services</u>			
Travel	1,000	0	1,000
<u>Supplies & Materials</u>			
Teaching Supplies & Materials	2,753	1,678	1,075

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>INSTRUCTION</u> (Continued)			
<u>ADDED NEEDS</u> (Continued)			
<u>Compensatory Education - Elem.</u> (Continued)			
<u>Title I</u> (Continued)			
<u>Other</u>			
Indirect Cost Rate	\$2,285	\$574	\$1,711
Total Title I - Elem.	\$135,332	\$112,818	\$22,514
<u>Bilingual Education</u>			
<u>Purchased Services</u>			
Contract Services	3,428	3,428	0
<u>Indian Education</u>			
<u>Salaries</u>			
Teacher	52,206	50,576	1,630
Lab Assistants	2,970	1,415	1,555
Substitutes	72	72	0
Total Salaries	\$55,248	\$52,063	\$3,185
<u>Employee Benefits</u>			
Health Insurance	5,132	5,131	1
Retirement Contributions	3,884	3,884	0
FICA	4,651	4,280	371
Workmans Compensation	78	48	30
Other Benefits - Cash in Lieu	6,241	3,964	2,277
Total Employee Benefits	\$19,986	\$17,307	\$2,679
<u>Purchased Services</u>			
Student Programs	10,355	10,354	1
Conferences	838	228	610
Mileage	1,000	376	624
Total Purchased Services	\$12,193	\$10,958	\$1,235
<u>Supplies & Materials</u>			
Teaching Supplies & Materials	13,132	994	12,138
Snacks	1,485	0	1,485
Technology	3,655	3,500	155
Total Supplies & Materials	\$18,272	\$4,494	\$13,778
<u>Other</u>	12,400	11,084	1,316
Total Indian Education	\$118,099	\$95,906	\$22,193
Total Compensatory Education	\$256,859	\$212,152	\$44,707
<u>Total Added Needs</u>	\$995,540	\$945,830	\$49,710

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>INSTRUCTION</u> (Continued)			
<u>ADULT EDUCATION</u>			
<u>Salaries</u>			
Instructor	\$2,814	\$2,814	\$0
<u>Employee Benefits</u>			
Retirement Contributions	366	366	0
FICA	216	215	1
Total Employee Benefits	<u>\$582</u>	<u>\$581</u>	<u>\$1</u>
<u>Supplies & Materials</u>			
Miscellaneous	<u>130</u>	<u>130</u>	<u>0</u>
Total Adult Education	<u>\$3,526</u>	<u>\$3,525</u>	<u>\$1</u>
<u>Total Instruction</u>	\$4,935,400	\$4,880,553	\$54,847
<u>SUPPORT SERVICES</u>			
<u>Student Services</u>			
<u>Home Detention</u>			
<u>Contract Services</u>	960	960	0
<u>Playground</u>			
<u>Salaries</u>			
Assistant	20,260	20,258	2
<u>Employee Benefits</u>			
Retirement Contributions	2,713	2,407	306
FICA	1,598	1,545	53
7% Gross Wages	1,311	589	722
Total Employee Benefits	<u>\$5,622</u>	<u>\$4,541</u>	<u>\$1,081</u>
Total Elementary Playground	\$25,882	\$24,799	\$1,083
<u>Health</u>			
<u>Salaries</u>			
Nurse	10,469	10,469	0
<u>Employee Benefits</u>			
Retirement Contributions	1,361	1,360	1
FICA	732	732	0
Physical Reimbursements	65	65	0
7% Gross Wages	410	390	20
Total Employee Benefits	<u>\$2,568</u>	<u>\$2,547</u>	<u>\$21</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES</u> (Continued)			
<u>Student Services</u> (Continued)			
<u>Health</u> (Continued)			
<u>Purchased Services</u>			
Physicals	\$536	\$536	\$0
Drug Testing	675	675	0
Total Purchased Services	<u>\$1,211</u>	<u>\$1,211</u>	<u>\$0</u>
<u>Supplies & Materials</u>	<u>3,637</u>	<u>1,779</u>	<u>1,858</u>
Total Health	\$17,885	\$16,006	\$1,879
<u>Guidance Services</u>			
<u>Salaries</u>			
Counselor	116,091	116,091	0
Counselors' Additional Salary	2,410	2,409	1
Guidance Secretary	20,630	20,391	239
Total Salaries	<u>\$139,131</u>	<u>\$138,891</u>	<u>\$240</u>
<u>Employee Benefits</u>			
Health Insurance	39,371	39,370	1
Dental Insurance	1,888	1,888	0
Vision Insurance	545	545	0
Retirement Contributions	18,818	18,022	796
FICA	11,068	10,447	621
Workmans Compensation	115	103	12
Prescription Reimbursements	60	60	0
Total Employee Benefits	<u>\$71,865</u>	<u>\$70,435</u>	<u>\$1,430</u>
<u>Supplies & Materials</u>			
Supplies & Materials - High School	400	271	129
Supplies & Materials - Elementary	1,827	555	1,272
Total Supplies & Materials	<u>\$2,227</u>	<u>\$826</u>	<u>\$1,401</u>
Total Guidance Services	\$213,223	\$210,152	\$3,071

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES</u> (Continued)			
<u>Student Services</u> (Continued)			
<u>Social Worker</u>			
<u>Salaries</u>			
Social Worker	\$86,203	\$86,201	\$2
Student Assistance	12,817	12,817	0
Total Salaries	\$99,020	\$99,018	\$2
<u>Employee Benefits</u>			
Health Insurance	14,129	14,130	(1)
Dental Insurance	719	719	0
Vision Insurance	267	266	1
Retirement	13,802	13,801	1
FICA	8,277	8,276	1
Workmans Compensation	103	95	8
Other Benefits - Cash in Lieu	2,734	1,446	1,288
Total Employee Benefits	\$40,031	\$38,733	\$1,298
<u>Purchased Services</u>			
Professional Development	1,935	0	1,935
Travel Expense - High School	87	87	0
Travel Expense - Middle School	25	25	0
Total Purchased Services	\$2,047	\$112	\$1,935
<u>Supplies & Materials</u>			
Supplies & Materials - High School	8	8	0
Supplies & Materials - Elementary	450	440	10
Supplies & Materials - Middle School	381	380	1
Total Supplies & Materials	\$839	\$828	\$11
<u>Other</u>	2,102	738	1,364
Total Social Worker	\$144,039	\$139,429	\$4,610
<u>Other Student Services</u>			
<u>Supplies & Materials</u>	1,000	1,000	0
Total Student Services	\$402,989	\$392,346	\$10,643

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES</u> (Continued)			
<u>Instructional Staff</u>			
<u>Other Instructional Staff</u>			
<u>Salaries</u>			
Teacher	\$17,500	\$17,500	\$0
Director	12,977	12,977	0
Other Non-Professional	4,400	190	4,210
Total Salaries	<u>\$34,877</u>	<u>\$30,667</u>	<u>\$4,210</u>
<u>Employee Benefits</u>			
Health Insurance	4,419	4,419	0
Retirement Contributions	4,623	3,959	664
FICA	3,009	2,331	678
Total Employee Benefits	<u>\$12,051</u>	<u>\$10,709</u>	<u>\$1,342</u>
<u>Purchased Services</u>			
Contracted Services	25,166	25,165	1
Professional Development	17,102	16,313	789
Total Purchased Services	<u>\$42,268</u>	<u>\$41,478</u>	<u>\$790</u>
<u>Supplies & Materials</u>	2,872	2,489	383
<u>Other</u>	734	340	394
Total Other Instructional Staff	<u>\$92,802</u>	<u>\$85,683</u>	<u>\$7,119</u>
<u>North Central Accreditation</u>			
<u>Salaries</u>			
Curriculum Committee	509	509	0
<u>Employee Benefits</u>			
Retirement Contributions	66	66	0
FICA	39	39	0
Workmans Compensation	4	4	0
Total Employee Benefits	<u>\$109</u>	<u>\$109</u>	<u>\$0</u>
<u>Purchased Services</u>			
Instr Prog Improvement Services	288	288	0
<u>Other</u>			
Miscellaneous	<u>50</u>	<u>50</u>	<u>0</u>
Total North Central Accreditation	<u>\$956</u>	<u>\$956</u>	<u>\$0</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN

GENERAL FUND

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2004

	BUDGET	ACTUAL	VARIANCE
<u>SUPPORT SERVICES</u> (Continued)			
<u>Instructional Staff</u> (Continued)			
<u>School Readiness</u>			
<u>Salaries</u>			
Coordinator	\$24,000	\$24,000	\$0
<u>Employee Benefits</u>			
Dental Insurance	577	576	1
Vision Insurance	178	177	1
Retirement Contributions	3,118	3,118	0
FICA	2,171	2,170	1
Other Benefits - Cash in Lieu	4,374	4,374	0
Total Employee Benefits	\$10,418	\$10,415	\$3
<u>Purchased Services</u>			
Postage	393	393	0
<u>Supplies & Materials</u>	200	200	0
Total School Readiness	\$35,011	\$35,008	\$3
<u>Library</u>			
<u>Salaries</u>			
Librarian	95,048	95,048	0
Media Center Aides	14,900	14,900	0
Substitute Librarian	3,298	3,114	184
Total Salaries	\$113,246	\$113,062	\$184
<u>Employee Benefits</u>			
Health Insurance	12,569	12,569	0
Dental Insurance	1,078	1,066	12
Vision Insurance	329	329	0
Retirement Contributions	14,592	14,570	22
FICA	9,099	9,098	1
Workmans Compensation	50	50	0
Other Benefits - Cash in Lieu	4,900	4,900	0
Flex Annuity	972	971	1
Total Employee Benefits	\$43,589	\$43,553	\$36
<u>Purchased Services</u>			
Travel Expense - High School	288	288	0
Travel Expense - Elementary	430	426	4
Technical Equipment - Elementary	400	250	150
Technical Equipment - High School	250	250	0
Total Purchased Services	\$1,368	\$1,214	\$154

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN

GENERAL FUND

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2004

	BUDGET	ACTUAL	VARIANCE
<u>SUPPORT SERVICES</u> (Continued)			
<u>Instructional Staff</u> (Continued)			
<u>Library</u> (Continued)			
<u>Supplies & Materials</u>			
Library Books - Elementary	\$3,934	\$3,916	\$18
Library Books - High School	3,634	3,435	199
Library Books - Title VI	842	841	1
Periodicals - Elementary	20	20	0
Periodicals - High School	782	781	1
Lib Other Supplies/Materials - Elementary	946	927	19
Lib Other Supplies/Materials - High School	1,140	805	335
Audiovisual Supplies/Materials - Elementary	1,500	1,396	104
Audiovisual Supplies/Materials - High School	12	0	12
Video Production Room	3,327	3,327	0
Total Supplies & Materials	\$16,137	\$15,448	\$689
Total Library	\$174,340	\$173,277	\$1,063
Total Instructional Staff	\$303,109	\$294,924	\$8,185
<u>General Administration</u>			
<u>Salaries</u>			
Superintendent	105,264	105,263	1
Secretarial & Clerical	27,586	27,586	0
Total Salaries	\$132,850	\$132,849	\$1
<u>Employee Benefits</u>			
Health Insurance	21,442	21,442	0
Dental Insurance	1,642	1,642	0
Vision Insurance	551	532	19
Retirement Contributions	17,446	17,446	0
FICA	10,177	10,177	0
Workmans Compensation	87	87	0
Insurance Reimbursements	400	396	4
Rental & Moving Expense - Superintendent	8,450	8,450	0
Life & LTD	1,716	1,716	0
Total Employee Benefits	\$61,911	\$61,888	\$23

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN

GENERAL FUND

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2004

	BUDGET	ACTUAL	VARIANCE
<u>SUPPORT SERVICES</u> (Continued)			
<u>General Administration</u> (Continued)			
<u>Purchased Services</u>			
Audit Services	\$10,350	\$10,250	\$100
Superintendent Search	5,595	5,594	1
Legal Services	5,000	4,999	1
Appraisal Fees	360	360	0
Travel Expense	5,170	5,170	0
Postage	2,600	2,534	66
Advertising	750	741	9
Printing & Binding	4,121	4,120	1
Newsletter Expenses	9,888	9,888	0
Board of Education	3,308	3,302	6
Election Workers	800	797	3
Copier Repairs & Supplies	2,400	2,290	110
Total Purchased Services	\$50,342	\$50,045	\$297
<u>Supplies & Materials</u>			
Office Supplies	1,108	1,107	1
Election Supplies & Expense	1,310	1,310	0
Board Related Expenses	1,447	1,432	15
Other Supplies & Materials	2,166	2,166	0
Total Supplies & Materials	\$6,031	\$6,015	\$16
<u>Other</u>			
Dues & Fees	4,148	4,148	0
Total General Administration	\$255,282	\$254,945	\$337
<u>School Administration</u>			
<u>Salaries</u>			
Principal - Elementary	67,600	67,600	0
Principal - Middle School	70,304	70,304	0
Principal - High School	65,000	65,000	0
Secretarial	67,920	67,919	1
Clerical Aides	56,713	56,235	478
Total Salaries	\$327,537	\$327,058	\$479

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN

GENERAL FUND

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2004

	BUDGET	ACTUAL	VARIANCE
<u>SUPPORT SERVICES</u> (Continued)			
<u>School Administration</u> (Continued)			
<u>Employee Benefits</u>			
Health Insurance	\$67,871	\$67,868	\$3
Dental Insurance	5,004	5,003	1
Vision Insurance	1,314	1,312	2
Retirement Contributions	42,484	42,425	59
FICA	25,211	25,166	45
Workmans Compensation	150	105	45
7% Gross Wages	1,698	1,701	(3)
Other Benefits - Cash in Lieu	4,227	4,226	1
Flex Annuity Account	1,020	1,020	0
Insurance Reimbursements	740	736	4
Life & LTD	2,691	2,690	1
Total Employee Benefits	\$152,410	\$152,252	\$158
<u>Purchased Services</u>			
Travel Expense - Elementary	453	255	198
Travel Expense - Middle School	500	501	(1)
Travel Expense - High School	500	500	0
Postage	7,474	7,396	78
Total Purchased Services	\$8,927	\$8,652	\$275
<u>Supplies & Materials</u>			
Graduation	1,757	1,711	46
Other Supplies - Elementary	3,900	3,802	98
Other Supplies - Middle School	3,358	3,346	12
Other Supplies - High School	3,037	2,999	38
Total Supplies & Materials	\$12,052	\$11,858	\$194
<u>Other</u>			
Dues & Fees	3,240	3,240	0
Total School Administration	\$504,166	\$503,060	\$1,106
<u>School Administration - Montessori</u>			
<u>Salaries</u>			
Director	13,856	13,856	0
Clerical	20,573	20,075	498
Total Salaries	\$34,429	\$33,931	\$498
<u>Employee Benefits</u>			
7% Gross Wages	1,210	1,183	27
Retirement Contributions	4,472	4,408	64
FICA	2,613	2,575	38
Total Employee Benefits	\$8,295	\$8,166	\$129

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES (Continued)</u>			
<u>School Administration - Montessori (Continued)</u>			
<u>Purchased Services</u>			
Advertising	\$60	\$59	\$1
<u>Supplies & Materials</u>	508	508	0
Total School Administration - Montessori	\$43,292	\$42,664	\$628
Total School Administration	\$547,458	\$545,724	\$1,734
<u>Business Administration</u>			
<u>Salaries</u>			
Business Manager	25,678	25,678	0
Flex Account	1,944	1,944	0
Office Assistant	13,383	13,383	0
Total Salaries	\$41,005	\$41,005	\$0
<u>Employee Benefits</u>			
Unemployment	7,268	7,268	0
Health Insurance	11,706	11,706	0
Dental Insurance	1,316	1,316	0
Vision Insurance	386	383	3
Retirement Contributions	5,115	5,115	0
FICA	3,017	3,016	1
Insurance Reimbursements	91	88	3
Total Employee Benefits	\$28,899	\$28,892	\$7
<u>Purchased Services</u>			
Travel	329	328	1
Collection of Summer Taxes	19,453	19,453	0
Total Purchased Services	\$19,782	\$19,781	\$1
<u>Supplies & Materials</u>	756	755	1
<u>Other Expense</u>			
Dues & Fees	15	15	0
Interest on Loans	4,000	3,999	1
Total Other Expense	\$4,015	\$4,014	\$1
Total Business Administration	\$94,457	\$94,447	\$10
<u>Operation & Maintenance of Plant</u>			
<u>Salaries</u>			
Custodial Services	185,027	184,469	558
Maintenance - Cell	24,002	24,002	0
Migrant Program - Custodian	2,884	2,883	1
Substitute Custodian	11,500	10,521	979
Total Salaries	\$223,413	\$221,875	\$1,538

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES</u> (Continued)			
<u>Operation & Maintenance of Plant</u> (Continued)			
<u>Employee Benefits</u>			
Health Insurance	\$58,831	\$58,678	\$153
Dental Insurance	4,123	4,123	0
Vision Insurance	1,437	1,384	53
Retirement Contributions	29,199	29,095	104
FICA	17,284	16,995	289
Workmans Compensation	1,000	1,000	0
Insurance Reimbursements	690	690	0
Other Benefits - Cash in Lieu	4,368	4,368	0
7% Gross Wages	1,130	1,110	20
Flex Annuity	325	325	0
Total Employee Benefits	<u>\$118,387</u>	<u>\$117,768</u>	<u>\$619</u>
<u>Purchased Services</u>			
Travel Expense	300	287	13
Telephone	21,786	21,756	30
Insurance - Building & Liability	30,141	30,141	0
Water & Sewer	15,500	15,499	1
Montessori Renovations	220	218	2
Rubbish Removal	12,114	12,113	1
Snow Removal	25,470	25,470	0
Contracted Services - Building	30,704	30,558	146
Contracted Services - Equipment	5,000	4,065	935
Music Instrument Repairs	1,247	1,247	0
Contracted Services - Telephone	2,073	2,073	0
Maintenance on Grounds	14,000	13,106	894
Total Purchased Services	<u>\$158,555</u>	<u>\$156,533</u>	<u>\$2,022</u>
<u>Supplies & Materials</u>			
Other Supplies	238	237	1
Custodial Supplies	17,500	16,779	721
Heating	100,000	97,303	2,697
Electricity	131,792	131,792	0
Maintenance Supplies	23,126	21,951	1,175
Total Supplies & Materials	<u>\$272,656</u>	<u>\$268,062</u>	<u>\$4,594</u>
<u>Capital Outlay</u>	64,909	60,191	4,718
<u>Other</u>	<u>3,143</u>	<u>3,143</u>	<u>0</u>
Total Operation & Maintenance of Plant	\$841,063	\$827,572	\$13,491

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES</u> (Continued)			
<u>Pupil Transportation</u>			
<u>Salaries</u>			
Supervisor	\$13,591	\$13,590	\$1
Bus Drivers	98,744	98,743	1
Substitute Driver	11,370	11,370	0
Migrant Program - Drivers	3,237	3,237	0
Special Trips - Elementary	954	886	68
Special Trips - High School	1,609	1,609	0
Special Trips - Middle School	1,353	1,352	1
Montessori Bus Trips	227	227	0
Bus Driver Training	911	910	1
Secretarial	7,312	7,312	0
Special Ed Aides on Bus	16,805	16,805	0
Bus Aides - Reg Transportation	12,599	12,599	0
Special Ed Bus Driver	24,489	24,489	0
Bus Mechanic	47,026	46,170	856
Total Salaries	\$240,227	\$239,299	\$928
<u>Employee Benefits</u>			
Health Insurance	13,697	13,697	0
Dental Insurance	666	665	1
Vision Insurance	205	205	0
Retirement Contributions	25,229	25,228	1
FICA	18,098	18,097	1
Workmans Compensation	292	291	1
Flex Annuity Account	5,263	5,263	0
7% Gross Wages	8,319	8,318	1
Total Employee Benefits	\$71,769	\$71,764	\$5
<u>Purchased Services</u>			
Uniform Cleaning	526	526	0
Contracted Services	2,188	1,244	944
Insurance	10,337	10,337	0
Private Garage - Repairs	2,441	2,440	1
Total Purchased Services	\$15,492	\$14,547	\$945
<u>Supplies & Materials</u>			
Gas, Oil & Grease	29,030	28,826	204
Tires, Tubes & Batteries	7,280	6,550	730
Other Supplies & Materials	21	20	1
Drivers Ed Car Repairs	905	904	1
In - House Bus Repairs	18,387	16,870	1,517
Mechanic's Equipment	500	424	76
Van Rental	191	191	0
Total Supplies & Materials	\$56,314	\$53,785	\$2,529

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES</u> (Continued)			
<u>Pupil Transportation</u> (Continued)			
<u>Capital Outlay</u>	\$116,157	\$48,958	\$67,199
<u>Other Expense</u>	2,803	2,785	18
Total Pupil Transportation	\$502,762	\$431,138	\$71,624
<u>Other Support Services</u>			
<u>Attendance</u>			
<u>Salaries</u>			
Assistants	12,975	12,974	1
<u>Employee Benefits</u>			
Retirement Contributions	1,686	1,685	1
FICA	968	967	1
7% Gross Wages	739	738	1
Total Employee Benefits	\$3,393	\$3,390	\$3
<u>Purchased Services</u>			
Data Processing Costs	8,884	8,270	614
<u>Supplies & Materials</u>	1,217	593	624
Total Attendance	\$26,469	\$25,227	\$1,242
<u>Pupil Accounting</u>			
<u>Salaries</u>			
Substitute Caller	8,170	8,170	0
<u>Employee Benefits</u>			
Retirement Contributions	1,099	1,099	0
FICA	647	647	0
Total Employee Benefits	\$1,746	\$1,746	\$0
<u>Purchased Services</u>			
Contract Services	3,208	3,208	0
Total Pupil Accounting	\$13,124	\$13,124	\$0
<u>Other Support Services</u>			
<u>Salaries</u>			
Technical Director	1,457	909	548
<u>Purchased Services</u>			
Bus Driver Training	220	220	0

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>SUPPORT SERVICES</u> (Continued)			
<u>Other Support Services</u> (Continued)			
<u>Other Support Services</u> (Continued)			
<u>Supplies & Materials</u>	<u>\$17,025</u>	<u>\$14,620</u>	<u>\$2,405</u>
Total Other Support Services	\$18,702	\$15,749	\$2,953
<u>Technology</u>			
<u>Salaries</u>			
Technology Salaries	67,474	67,473	1
<u>Employee Benefits</u>			
Health Insurance	12,589	12,588	1
Dental Insurance	907	908	(1)
Vision Insurance	259	259	0
Retirement Contributions	8,765	8,765	0
FICA	5,126	5,126	0
Workmans Compensation	<u>73</u>	<u>73</u>	<u>0</u>
Total Employee Benefits	<u>\$27,719</u>	<u>\$27,719</u>	<u>\$0</u>
<u>Purchased Services</u>			
Travel	374	373	1
Data Processing	6,500	6,500	0
Contracted Services	<u>2,438</u>	<u>2,438</u>	<u>0</u>
Total Purchased Services	<u>\$9,312</u>	<u>\$9,311</u>	<u>\$1</u>
<u>Supplies & Materials</u>			
Supplies & Materials	1,401	1,383	18
Software	<u>83</u>	<u>83</u>	<u>0</u>
Total Supplies & Materials	<u>\$1,484</u>	<u>\$1,466</u>	<u>\$18</u>
<u>Capital Outlay</u>			
Equipment	33,399	33,398	1
Equipment Lease	53,877	(4,591)	58,468
Technology Licensing	<u>17,261</u>	<u>17,260</u>	<u>1</u>
Total Capital Outlay	<u>\$104,537</u>	<u>\$46,067</u>	<u>\$58,470</u>
Total Technology	<u>\$210,526</u>	<u>\$152,036</u>	<u>\$58,490</u>
Total Other Support Services	<u>\$268,821</u>	<u>\$206,136</u>	<u>\$62,685</u>
<u>Total Support Services</u>	<u>\$3,215,942</u>	<u>\$3,047,232</u>	<u>\$168,710</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>COMMUNITY SERVICES</u>			
<u>Montessori Primary Childcare</u>			
<u>Salaries</u>			
Childcare Assistant	\$5,342	\$4,969	\$373
<u>Employee Benefits</u>			
Retirement Contributions	694	646	48
FICA	409	380	29
Total Employee Benefits	<u>\$1,103</u>	<u>\$1,026</u>	<u>\$77</u>
<u>Supplies & Materials</u>	<u>250</u>	<u>19</u>	<u>231</u>
Total Montessori Primary Childcare	\$6,695	\$6,014	\$681
<u>Toddler</u>			
<u>Salaries</u>			
Director	6,550	6,549	1
Teacher Assistant	4,225	4,225	0
Total Salaries	<u>\$10,775</u>	<u>\$10,774</u>	<u>\$1</u>
<u>Employee Benefits</u>			
7% Gross Wages	662	662	0
Retirement Contributions	1,400	1,400	0
FICA	824	824	0
Total Employee Benefits	<u>\$2,886</u>	<u>\$2,886</u>	<u>\$0</u>
<u>Purchased Services</u>			
Advertising	37	37	0
<u>Supplies & Materials</u>	<u>277</u>	<u>277</u>	<u>0</u>
Total Toddler	\$13,975	\$13,974	\$1
<u>Latch Key</u>			
<u>Purchased Services</u>			
Kids Club Mentoring	400	0	400
Advertising	100	25	75
Continuing Education	1,250	600	650
Contract Services - Instructor Salaries	27,040	26,761	279
Contract Services - Staff Salaries	26,600	26,600	0
Field Trips	156	156	0
Bookkeeping Service	1,200	1,098	102
Telephone	900	291	609
Postage	200	100	100
990 Reporting Fee	400	0	400
Utilities	1,200	1,200	0
Repair of Equipment	100	0	100
Total Purchased Services	<u>\$59,546</u>	<u>\$56,831</u>	<u>\$2,715</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>COMMUNITY SERVICES</u> (Continued)			
<u>Latch Key</u> (Continued)			
<u>Supplies & Materials</u>			
Supplies & Materials	\$1,201	\$1,101	\$100
Office Supplies	386	386	0
Snacks	4,607	3,650	957
Total Supplies & Materials	\$6,194	\$5,137	\$1,057
<u>Capital Outlay</u>	600	0	600
<u>Other Expense</u>	1,000	0	1,000
Total Latch Key	\$67,340	\$61,968	\$5,372
<u>Family Helpers</u>			
<u>Salaries</u>			
Coordinator	19,240	19,240	0
<u>Employee Benefits</u>			
Medical Insurance	9,455	6,563	2,892
Dental Insurance	443	443	0
Vision Insurance	136	136	0
Retirement Contributions	2,499	2,499	0
FICA	1,472	1,472	0
Total Employee Benefits	\$14,005	\$11,113	\$2,892
<u>Purchased Services</u>			
Mileage	2,000	1,925	75
Telephone	300	305	(5)
Total Purchased Services	\$2,300	\$2,230	\$70
Total Family Helpers	\$35,545	\$32,583	\$2,962
<u>Strong Family/Safe Children</u>			
<u>Purchased Services</u>			
Coordinator	23,575	23,575	0
<u>Community Education</u>			
<u>Salaries</u>			
Instructor	2,971	2,971	0
<u>Employee Benefits</u>			
Retirement	386	386	0
Fica	227	227	0
Total Employee Benefits	\$613	\$613	\$0
Total Community Education	\$3,584	\$3,584	\$0

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>COMMUNITY SERVICES</u> (Continued)			
<u>Other Expense</u>			
Tutor Fees & Supplies	<u>\$1,000</u>	<u>\$667</u>	<u>\$333</u>
<u>Total Community Services</u>	<u>\$151,714</u>	<u>\$142,365</u>	<u>\$9,349</u>
<u>TOTAL EXPENDITURES</u>	<u>\$8,303,055</u>	<u>\$8,070,150</u>	<u>\$232,905</u>
<u>OTHER FINANCING USES</u>			
Transfers to Athletic Fund	221,419	192,970	28,449
Transfers to Other Districts			
At Risk	45,697	45,697	0
Alternative Ed	32,293	32,293	0
Field Development	5,000	4,952	48
School to Work	<u>12,750</u>	<u>12,750</u>	<u>0</u>
<u>Total Other Financing Uses</u>	<u>\$317,159</u>	<u>\$288,662</u>	<u>\$28,497</u>
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$8,620,214</u>	<u>\$8,358,812</u>	<u>\$261,402</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS -
STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2004

STUDENT ACTIVITY	DUE TO (FROM) STUDENT GROUPS		DUE TO (FROM) STUDENT GROUPS	
	JULY 1, 2003	RECEIPTS	DISBURSEMENTS	JUNE 30, 2004
2% Allocation Grant	\$85,191	\$279	\$9,716	\$75,754
A/P Administrative	0	1,672	1,546	126
A/P Art	0	4,130	3,815	315
BPA	2,705	11,805	12,854	1,656
Class of 2004	1,530	0	1,530	0
Class of 2005	2,275	2,200	2,109	2,366
Class of 2006	1,082	1,590	686	1,986
Class of 2007	0	3,225	1,742	1,483
Dramatics	5,682	5,682	6,308	5,056
Elementary Carnival	6,029	37,050	36,282	6,797
Friends of Fine Arts	3,338	29,847	22,941	10,244
Health and Foods	479	5	54	430
Helping Hands	0	227	50	177
Lock Deposits	911	384	1,121	174
Middle School	14,576	54,751	57,557	11,770
Music	4,643	14,129	15,459	3,313
National Honor Society	426	3,717	3,579	564
Outdoor Adventure Club	257	603	664	196
Parent-Teacher Organization	4,930	21,692	21,540	5,082
Physics	1	242	271	(28)
Project Hero	1,397	6,859	6,370	1,886
S.A.D.D.	101	589	1,089	(399)
Senior Graduation Party	1,302	6,907	7,314	895
Student Council-High School	6,523	19,717	22,174	4,066
Summer Recreation Program	671	2,045	1,437	1,279
Teachers' Projects	8,215	8,806	8,634	8,387
Wood Technology	399	443	179	663
Yearbook-High School	461	13,347	13,225	583
<u>TOTALS</u>	<u>\$153,124</u>	<u>\$251,943</u>	<u>\$260,246</u>	<u>\$144,821</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
PRIVATE PURPOSE TRUSTS
SCHEDULE OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

<u>BUCKESCOTT MEMORIAL FUND</u>	
<u>BALANCE - JULY 1, 2003</u>	\$367
<u>REVENUE</u>	
Donations	1,130
<u>EXPENDITURES</u>	
Bank Charges	25
Scholarship Awards	1,141
Total Expenditures	<u>\$1,166</u>
<u>BALANCE - JUNE 30, 2004</u>	<u>\$331</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL OBLIGATION SERIAL BONDS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
AS OF JUNE 30, 2004

Serial Bonds issued August 28, 1991, and outstanding as of June 30, 2004, consisted of:

CAPITAL APPRECIATION BONDS

<u>DATE OF MATURITY</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE (%)</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL DEBT REQUIREMENT</u>
May 1, 2005	\$171,441	7.05	\$108,559	\$280,000
May 1, 2006	173,016	7.10	96,984	270,000
May 1, 2007	180,911	7.20	89,089	270,000
<u>TOTALS</u>	<u>\$525,368</u>		<u>\$294,632</u>	<u>\$820,000</u>

Refunding Bonds issued December 30, 1998, and outstanding as of June 30, 2004, consisted of:

GENERAL OBLIGATION - UNLIMITED TAX BONDS

<u>DATE OF MATURITY</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE (%)</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL DEBT REQUIREMENT</u>
November 1, 2004	\$0	3.850	\$144,724	\$144,724
May 1, 2005	550,000	3.950	144,724	694,724
November 1, 2005	0	3.950	133,861	133,861
May 1, 2006	615,000	4.050	133,861	748,861
November 1, 2006	0	4.050	121,408	121,408
May 1, 2007	670,000	4.100	121,407	791,407
November 1, 2007	0	4.100	107,672	107,672
May 1, 2008	985,000	4.150	107,673	1,092,673
November 1, 2008	0	4.150	87,234	87,234
May 1, 2009	1,025,000	4.150	87,234	1,112,234
November 1, 2009	0	4.150	65,965	65,965
May 1, 2010	1,025,000	4.200	65,965	1,090,965
November 1, 2010	0	4.200	44,440	44,440
May 1, 2011	1,025,000	4.300	44,440	1,069,440
November 1, 2011	0	4.300	22,403	22,403
May 1, 2012	1,030,000	4.350	22,402	1,052,402
<u>TOTALS</u>	<u>\$6,925,000</u>		<u>\$1,455,413</u>	<u>\$8,380,413</u>

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
GENERAL OBLIGATION SERIAL BONDS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
AS OF JUNE 30, 2004

2000 School Building and Site Bonds issued November 8, 2000, and outstanding as of June 30, 2004, consisted of:

GENERAL OBLIGATION - UNLIMITED TAX BONDS

<u>DATE OF MATURITY</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE (%)</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL DEBT REQUIREMENT</u>
November 1, 2004	\$0		\$151,914	\$151,914
May 1, 2005	140,000	5.050	151,914	291,914
November 1, 2005	0		148,379	148,379
May 1, 2006	140,000	5.050	148,379	288,379
November 1, 2006	0		144,844	144,844
May 1, 2007	140,000	5.050	144,844	284,844
November 1, 2007	0		141,309	141,309
May 1, 2008	140,000	5.050	141,309	281,309
November 1, 2008	0		137,774	137,774
May 1, 2009	145,000	5.050	137,774	282,774
November 1, 2009	0		134,113	134,113
May 1, 2010	195,000	5.050	134,112	329,112
November 1, 2010	0		129,189	129,189
May 1, 2011	250,000	5.050	129,189	379,189
November 1, 2011	0		122,876	122,876
May 1, 2012	305,000	5.050	122,876	427,876
November 1, 2012	0		115,175	115,175
May 1, 2013	1,125,000	5.050	115,175	1,240,175
November 1, 2013	0		86,769	86,769
May 1, 2014	1,125,000	5.050	86,769	1,211,769
November 1, 2014	0		58,363	58,363
May 1, 2015	1,150,000	5.050	58,362	1,208,362
November 1, 2015	0		29,325	29,325
May 1, 2016	1,150,000	5.100	29,325	1,179,325
<u>TOTALS</u>	<u>\$6,005,000</u>		<u>\$2,800,058</u>	<u>\$8,805,058</u>

SUTTONS BAY PUBLIC SCHOOLS

SUTTONS BAY, MICHIGAN

FEDERAL AWARDS
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2004

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Lewis & Knopf, CPAs, P.C.

"Serving You with Trust and Integrity"

July 20, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of
Suttons Bay Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Suttons Bay Public Schools, as of and for the year ended June 30, 2004, which collectively comprise the Suttons Bay Public Schools' basic financial statements and have issued our report thereon dated July 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Suttons Bay Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Suttons Bay Public Schools, in a separate letter dated July 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Suttons Bay Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Suttons Bay Public Schools, in a separate letter dated July 20, 2004.

This report is intended solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lewis & Knopf PC
LEWIS & KNOPF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS



Lewis & Knopf, CPAs, P.C.

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July 20, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Education of
Suttons Bay Public Schools

Compliance

We have audited the compliance of Suttons Bay Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Suttons Bay Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Suttons Bay Public Schools' management. Our responsibility is to express an opinion on Suttons Bay Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Suttons Bay Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Suttons Bay Public Schools' compliance with those requirements.

In our opinion, Suttons Bay Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Suttons Bay Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Suttons Bay Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



Suttons Bay Public Schools

Page 2

July 20, 2004

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lewis & Knopf PC

LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Impact Aid	84.041		
Impact Aid (2004)		S041B-2004-6037	\$480,828
Impact Aid (2002)		S041B-2002-6037	49,115
Total Impact Aid			<u>\$529,943</u>
Indian Education - Grants to Local Education Agencies	84.060A		
Indian Education Youth Empowerment Project (03-04)		S060A030360	52,762
Total Direct Programs			<u>\$582,705</u>
<u>Passed Through Michigan Department of Education:</u>			
Title I Grants to Local Educational Agencies	84.010		
ESEA Title I (03-04)		41530-0304	160,154
ESEA Title I (02-03) Carryover		31530-0304	4,740
ESEA Title I (02-03)		021530-0203	175,398
Total Title I Grants to Local Educational Agencies			<u>\$340,292</u>
Innovative Education Program Strategies	84.298		
Title V (03-04)		40250-0304	842
Technology Literacy Challenge Grants	84.318		
Technology Literacy Challenge Fund (03-04)		44290-0304	3,877
Improving Teacher Quality	84.367		
Title IIA (03-04)		40520-0304	52,287
Total Passed Through Michigan Department of Education			<u>\$397,298</u>
<u>Passed Through Traverse Bay Intermediate School District</u>			
Special Education - Grants to States:	84.027		
Capacity Building (03-04)		30490CB	1,800
Transition Grant (03-04)		40490TS	700
Total Special Education Grants to States			<u>\$2,500</u>
Preschool Incentive (03-04)	84.173	40460-0304	5,808
Safe and Drug-Free Schools and Communities - State Grants:	84.186		
Drug Free Schools (03-04)		42860-0304	1,495
Drug Free Schools (02-03)		32860-0203	1,669
Total Safe and Drug-Free Schools and Communities - State Grants			<u>\$3,164</u>
Total Passed Through Traverse Bay Intermediate School District			<u>\$11,472</u>
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			<u>\$991,475</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2003	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2004
\$0	\$0	\$480,828	\$0	\$480,828	\$0
0	0	49,115	0	49,115	0
<u>\$0</u>	<u>\$0</u>	<u>\$529,943</u>	<u>\$0</u>	<u>\$529,943</u>	<u>\$0</u>
0	0	52,762	0	40,005	12,757
<u>\$0</u>	<u>\$0</u>	<u>\$582,705</u>	<u>\$0</u>	<u>\$569,948</u>	<u>\$12,757</u>
0	0	129,773	0	92,327	37,446
0	0	4,740	0	4,740	0
985	159,733	15,665	0	16,650	0
<u>\$985</u>	<u>\$159,733</u>	<u>\$150,178</u>	<u>\$0</u>	<u>\$113,717</u>	<u>\$37,446</u>
0	0	842	0	842	0
0	0	3,877	0	950	2,927
0	0	52,287	0	29,767	22,520
<u>\$985</u>	<u>\$159,733</u>	<u>\$207,184</u>	<u>\$0</u>	<u>\$145,276</u>	<u>\$62,893</u>
0	0	0	0	1,800	(1,800)
0	0	700	0	700	0
<u>\$0</u>	<u>\$0</u>	<u>\$700</u>	<u>\$0</u>	<u>\$2,500</u>	<u>(\$1,800)</u>
0	0	5,808	0	5,808	0
0	0	1,495	0	1,495	0
(1,037)	632	329	1,037	329	0
<u>(\$1,037)</u>	<u>\$632</u>	<u>\$1,824</u>	<u>\$1,037</u>	<u>\$1,824</u>	<u>\$0</u>
<u>(\$1,037)</u>	<u>\$632</u>	<u>\$8,332</u>	<u>\$1,037</u>	<u>\$10,132</u>	<u>(\$1,800)</u>
(\$52)	\$160,365	\$798,221	\$1,037	\$725,356	\$73,850

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Passed Through Michigan Department of Education:</u>			
Food Distribution	10.550		
Entitlement Commodities		N/A	\$10,269
Bonus Commodities		N/A	2,659
Total Commodities			<u>\$12,928</u>
School Breakfast Program	10.553	N/A	20,940
National School Lunch Program	10.555	N/A	<u>85,098</u>
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			<u>\$118,966</u>
<u>TOTAL FEDERAL AWARDS</u>			<u><u>\$1,110,441</u></u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2003	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2004
\$0	\$0	\$10,269	\$0	\$10,269	\$0
0	0	2,659	0	2,659	0
\$0	\$0	\$12,928	\$0	\$12,928	\$0
0	0	20,940	0	20,940	0
0	0	85,098	0	85,098	0
\$0	\$0	\$118,966	\$0	\$118,966	\$0
(\$52)	\$160,365	\$917,187	\$1,037	\$844,322	\$73,850

SUTTONS BAY PUBLIC SCHOOLS - SUTTONS BAY, MICHIGAN
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

FEDERAL REVENUE RECOGNIZED FOR SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

\$917,187

FEDERAL REVENUE RECOGNIZED PER THE GENERAL
PURPOSE FINANCIAL STATEMENTS PURPOSE

General Fund \$798,221

School Service Fund 118,966

TOTAL \$917,187

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 7 of this report.
- 3) As of the date of completion of fieldwork, the Schedule of Transfers to Sub-Recipients from the Intermediate School Districts was not available. The amounts shown on the Schedule of Federal Financial Assistance as flow through from the Intermediate School Districts may not be conclusive.

SUTTONS BAY PUBLIC SCHOOL - SUTTONS BAY, MICHIGAN
RECONCILIATION OF FORM R 7120 " GRANT SECTION AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

Current Payments Per the Grant Section Auditor's Report (Form R 7120)		\$264,572
<u>Less:</u> <u>State Funded Grants</u>		
Driver Education		(13,258)
<u>Add:</u> Grants Passed Through the Traverse Bay Area Intermediate School District		
Special Education Grants to States (CFDA # 84.027)	\$2,500	
Preschool Incentive (CFDA #84.173)	5,808	
Safe and Drug Free Schools (CFDA# 84.186)	1,824	
Total Grants Passed Through TBAISD		10,132
Direct Aid		
Impact Aid (CFDA# 84.041)	\$529,943	
Indian Education (CFDA# 84.060A)	40,005	
Total Direct Aid		569,948
Entitlement and Bonus Commodities (CFDA# 10.550)		12,928
<u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES</u> <u>OF FEDERAL AWARDS</u>		<u>\$844,322</u>

SUTTONS BAY PUBLIC SCHOOLS- SUTTONS BAY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)
84.041

Name of Federal Program or Cluster
Impact Aid

Dollar threshold use to distinguish between type A and type B programs:

\$ 300,000.00

Qualified as low-risk auditee?

☒ Yes ☐ No

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings.



Lewis & Knopf, CPAs, P.C.

"Serving You with Trust and Integrity"

July 20, 2004

To the Board of Education of
Suttons Bay Public Schools

In planning and performing our audit of the general purpose financial statements of Suttons Bay Public Schools for the year ended June 30, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Suttons Bay Public Schools' ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

The following items of immaterial internal control or administrative consideration came to our attention.

CURRENT YEAR FINDINGS

1. Trust and Agency Accounts

- A. We recommend that management implement a system of purchase authorization for expenses paid from trust and agency accounts.
- B. At June 30, 2004, several of the Activity Accounts had deficit balances. Activity accounts are only permitted to expend the funds they have taken in. They are not allowed to borrow from other activities thus creating a deficit balance.

2. Athletics Program

We recommend that the athletics department implement a gate ticket receipt process for all athletic events. At the end of each event the gate tickets should be reconciled to cash collected and to the amount to be deposited on a reconciliation sheet. This should be forwarded to the business office along with the beginning and ending issued ticket numbers for review.

3. Time Certifications

The cost principles of OMB Circular A-87 require, "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee".

The District should develop a standard time certification form and have the appropriate employee or other supervisory employee complete the certifications every six months.



Suttons Bay Public Schools

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July 20, 2004

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness.

This report is intended for the information of Suttons Bay Public Schools' Board of Education and management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS